



General Assembly

February Session, 2010

Raised Bill No. 253

LCO No. 1499

01499_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

***AN ACT CONCERNING PROOF OF DELIVERY OF CANCELLATION
NOTIFICATION OF LIFE INSURANCE POLICIES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-441 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2010*):

3 Any insurance company doing the business of life insurance in this
4 state which writes an individual life insurance policy delivered or
5 issued for delivery in this state shall: [provide]

6 (1) Provide notice when such policy is fully paid up. Such notice
7 shall be in writing and shall be sent or delivered by the insurer to the
8 owner of the policy at the last-known address of the owner during the
9 year in which the date such final payment is received by the insurer
10 occurs, or within thirty-one days of such date if later. Each five years
11 thereafter, written notice shall be so sent or delivered to the owner of
12 the policy providing notice of the current status of such policy. The
13 provisions of this [section] subdivision shall not apply to the purchase
14 of a single premium life insurance policy, a universal life insurance
15 policy, or to the purchase of paid-up additions under a participating

16 life insurance policy; and

17 (2) Provide notice prior to cancelling or discontinuing such policy.
18 Such notice shall be in writing and shall be sent or delivered by the
19 insurer to the owner of the policy, by registered or certified mail or
20 other method that provides proof of delivery of such notice of
21 cancellation or discontinuation, not less than fifteen days preceding the
22 effective date of cancellation and shall include information about any
23 nonforfeiture benefit or cash surrender value available to the owner
24 under such policy.

25 Sec. 2. Section 38a-456 of the general statutes is repealed and the
26 following is substituted in lieu thereof (*Effective October 1, 2010*):

27 (a) Any individual, partnership, corporation or unincorporated
28 association providing group life insurance coverage for its employees
29 shall furnish each insured employee, upon cancellation or
30 discontinuation of such life insurance, notice of the cancellation or
31 discontinuation of such insurance. The notice shall be mailed or
32 delivered by such individual, partnership, corporation or association
33 to the insured employee, by registered or certified mail or by a method
34 that provides proof of delivery of such notice of cancellation, not less
35 than fifteen days [next] preceding the effective date of cancellation or
36 discontinuation. Any individual or any such entity that fails to provide
37 timely notice shall be fined not more than two thousand dollars for
38 each violation. The Labor Commissioner shall have the authority to
39 assess all such fines. This section shall apply to any such individual,
40 partnership, corporation or unincorporated association that substitutes
41 one policy providing such group life insurance coverage for another
42 such policy with no interruption in coverage.

43 (b) If any individual or any such entity fails to furnish notice
44 pursuant to subsection (a) of this section, the individual or entity shall
45 be liable for benefits to the same extent as the insurer would have been
46 liable if coverage had not been cancelled or discontinued.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	38a-441
Sec. 2	<i>October 1, 2010</i>	38a-456

Statement of Purpose:

To require a notice of cancellation or discontinuation of life insurance policies to be sent by registered or certified mail or by a method that provides proof of delivery of such notice.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]